

Council Business Meeting

May 19, 2020

Agenda Item	Resolution 2020-07 Allocating Anticipated Transient Occupancy Tax Tourism Restricted Revenues for Fiscal Year 2021 and Repealing Resolution 2019-17	
From	Adam Hanks	Interim City Administrator
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SUMMARY

At its May 5, 2020 Business Meeting, Council directed staff to prepare a resolution to “un-commit” a portion of Transient Occupancy Tax (TOT) revenues to be available for any and all allowable uses consistent with Oregon Revised Statutes. In recognition of the significant anticipated reduction in revenues for the TOT, Council also discussed initiating the process to re-allocate the proposed distribution of TOT funds for the upcoming second year of the biennium budget.

The attached resolution includes the following:

- Updated TOT revenue estimates for FY21
- Removal of the previous Council decision (Resolution 2019-17) to commit and reserve a portion of TOT revenues for future parking supply
- Removal of allocation of funds for the ORS restricted TOT funds previously approved by Council with pre-COVID-19 TOT revenue estimates. (Resolution 2019-17)

POLICIES, PLANS & GOALS SUPPORTED

N/A

PREVIOUS COUNCIL ACTION

In addition to the initial Council discussion at its May 5, 2020 Business Meeting, Council has had many prior discussions and decision relating to the allocation and use of TOT funds. Links to those previous discussions and decisions are provided at the end of this report.

BACKGROUND AND ADDITIONAL INFORMATION

Allocation of TOT funds is based on anticipated revenue estimates done within the biennial budget process. The current COVID-19 crisis has drastically altered the revenue projections that were originally established in the biennial budget. The estimated reduction of revenue of approximately \$3 million represents a fifty percent reduction in TOT revenues for the two-year budget period.

The draft resolution currently presented to Council serves as a “re-set” of the TOT revenues for the remainder of the current biennium and provides Council and staff with the opportunity to evaluate economic recovery needs, take advantage of potential changes to current ORS restrictions on the allowed uses of TOT funds and generally target the uses of TOT funds to maximize their benefit to the community while concurrently preserving as much of the unrestricted TOT funds for public safety operations in the General Fund as possible.

FISCAL IMPACTS

The draft resolution more accurately reflects the anticipated revenues from TOT for the remainder of the biennium and therefore provides an improved baseline for future Council decisions on the uses of these funds.

STAFF RECOMMENDATION

Staff supports the approval of this resolution and will continue to provide information to support subsequent Council discussion and direction on further allocation decisions in the future.

ACTIONS, OPTIONS & POTENTIAL MOTIONS

- 1) I move to approve Resolution 2020-07 as presented.
- 2) I move to approve Resolution 2020-07 with the following adjustments.
- 3) I move to direct staff to bring this resolution back to Council at a future meeting date and incorporate the following alterations to the resolution.

REFERENCES & ATTACHMENTS

Attachment 1: Resolution 2020-07

[June 4, 2019 Council Packet Materials](#)

[April 16, 2019 Council Packet Materials](#)

[April 2, 2019 Council Packet Materials](#)

[March 19, 2019 Council Packet Materials](#)

[June 18, 2018 Council Packet Materials](#)

[April 3, 2018 Council Packet Materials](#)

1 THE CITY OF ASHLAND RESOLVES AS FOLLOWS:

2 SECTION 1.

3 For Fiscal Year 2021, the City of Ashland expects to receive an estimated **\$925,513** for Transient
4 Occupancy Tax collections. The annual allocation between tourism and general governmental
5 operations is as follows:

TOT Anticipated Revenues	% of Total	FY 2020-21
Tourism Restricted (ORS 320)	29%	268,399
General Government Operations	71%	657,114
TOTALS	100%	\$925,513

10 **Tourism Allocation**

11 Tourism restricted funds will be allocated as follows:

Tourism Restricted TOT Allocation	% of Tourism	Originally Adopted 2020-21	Projected 2020-2021
TOTAL Tourism TOT		949,884	268,399
Long Term Parking Supply		245,727	0
FY 2019 Uncommitted Parking Supply (removed commitment)			241,326
FY 2020 Uncommitted Parking Supply (removed commitment)			245,727
Unrestricted Remaining Tourism TOT		704,157	755,452
Visitor & Convention Bureau – Chamber of Commerce	47%	446,338	0
Oregon Shakespeare Festival – (13.5%)	Fixed	110,000	0
City Economic, Cultural, and Sustainability Grants	10%	80,000	0
Public Art	5%	35,208	0
Other City Tourism eligible Capital Projects	Remainder	32,611	0
TOTAL RESTRICTED TOT ALLOCATION		\$704,157	\$755,452

26 If actual tourism specific TOT revenue collections exceed the above allocations or if actual,
27 qualifying expenditures in the year are less than the appropriated amount, the additional or
28 unused amount(s) will be reserved for qualifying future Tourism related expenditures as
29 determined by Council.
30

1 **Non Tourism Allocation**

2 The remaining estimated TOT revenue allocated for general government operations will be 100
3 percent appropriated through the budget process. Unrestricted TOT revenue unspent in a budget
4 year becomes part of the General Fund unrestricted ending fund balance unless otherwise
5 determined by City Council.

Unrestricted TOT Allocation	2020-2021
TOTALS	\$657,114

8 SECTION 2. Resolution 2019-17 is repealed upon passage of this resolution.

9 SECTION 3. This resolution was duly PASSED and ADOPTED this ___ day of May, 2020 and
10 takes effect upon signing by the Mayor.

11
12 _____
13 Melissa Huhtala, City Recorder

14
15 SIGNED and APPROVED this ___ day of May, 2020.

16
17 _____
18 John Stromberg, Mayor

19 Reviewed as to form:

20
21 _____
22 David Lohman, City Attorney